

110TH CONGRESS
2D SESSION

H. R. 7293

To suspend for 2008 and 2009 the required minimum distribution requirements with respect to certain defined contribution plans to the extent the interest of an individual in such plans does not exceed \$300,000.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2008

Mr. SESTAK introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend for 2008 and 2009 the required minimum distribution requirements with respect to certain defined contribution plans to the extent the interest of an individual in such plans does not exceed \$300,000.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Security in
5 Retirement Act of 2008”.

1 **SEC. 2. SUSPENSION OF MINIMUM DISTRIBUTION RE-**
2 **QUIREMENTS FOR INTERESTS NOT GREATER**
3 **THAN \$300,000.**

4 (a) IN GENERAL.—In the case of an eligible defined
5 contribution plan of an individual, sections 401(a)(9),
6 404(a)(2), 403(b)(10), 408(a)(6), 408(b)(3), and
7 457(d)(2) of the Internal Revenue Code of 1986 shall not
8 apply with respect to such individual for any year during
9 the suspension period to the extent such individual's inter-
10 est in all such plans as of December 31, 2008, is not
11 greater than \$300,000.

12 (b) SUSPENSION PERIOD.—For purposes of this sec-
13 tion, the term “suspension period” means the period be-
14 ginning on January 1, 2008, and ending on December 31,
15 2009.

16 (c) ELIGIBLE DEFINED CONTRIBUTION PLAN.—For
17 purposes of this section, the term “eligible defined con-
18 tribution plan” means—

19 (1) a defined contribution plan (within the
20 meaning of section 414(i) of such Code) which is—

21 (A) an employee's trust described in sec-
22 tion 401(a) of such Code which is exempt from
23 tax under section 501(a) of such Code,

24 (B) an annuity plan described in section
25 403(a) of such Code,

1 (C) an annuity contract described in sec-
2 tion 403(b) of such Code, and

3 (D) an eligible deferred compensation plan
4 described in section 457(b) of such Code which
5 is maintained by an eligible employer described
6 in section 457(e)(1)(A) of such Code, and

7 (2) an individual retirement plan (as defined in
8 section 7701(a)(37) of such Code).

9 (d) SPECIAL RULES.—

10 (1) EXCEPTION FOR 5-YEAR RULE.—In the case
11 of a distribution required under section
12 401(a)(9)(B)(ii) of such Code, subsection (a) shall
13 not apply.

14 (2) DELAY IN REQUIRED MINIMUM DISTRIBUTION FOR 2008.—The required minimum distribution
15 for 2008 (if any) with respect to any eligible defined
16 contribution plan of an individual—

17 (A) shall be determined on the basis of the
18 individual's interest in such plan determined as
19 of December 31, 2008, and

20 (B) shall be treated as timely made if such
21 distribution is made before April 1, 2009.

22 (3) AGGREGATION OF EMPLOYER PLANS.—

23 (A) IN GENERAL.—A plan shall not be
24 treated as disqualified merely because the plan
25

1 treats the aggregate interest of the individual in
2 all plans maintained by the employer (and any
3 member of any controlled group which includes
4 the employer) as such individual's interest in all
5 eligible defined contribution plans.

6 (B) CONTROLLED GROUP.—For purposes
7 of subparagraph (A), the term “controlled
8 group” means any group treated as a single
9 employer under subsection (b), (c), (m), or (o)
10 of section 414 of such Code.

11 (4) EXEMPTION OF DISTRIBUTIONS DURING
12 SUSPENSION PERIOD FROM TRUSTEE TRANSFER AND
13 WITHHOLDING RULES.—For purposes of sections
14 401(a)(31), 402(f), and 3405 of such Code, any dis-
15 tribution during the suspension period which, but for
16 subsection (a), would have been a required distribu-
17 tion under section 401(a)(9) of such Code shall not
18 be treated as an eligible rollover distribution.

19 (e) REGULATIONS.—The Secretary of the Treasury
20 shall prescribe such regulations as may be necessary to
21 carry out the purposes of this section, including rules pro-
22 viding for the allocation of the \$300,000 amount described
23 in subsection (a) in the case of an individual with an inter-
24 est in more than 1 defined contribution plan.

1 (f) PROVISIONS RELATING TO PLAN AMEND-
2 MENTS.—

3 (1) IN GENERAL.—If this subsection applies to
4 any plan or annuity contract, such plan or contract
5 shall be treated as being operated in accordance with
6 the terms of the plan during the period described in
7 paragraph (2)(B)(i).

8 (2) AMENDMENTS TO WHICH SUBSECTION AP-
9 PLIES.—

10 (A) IN GENERAL.—This subsection shall
11 apply to any amendment to any plan or annuity
12 contract which is made—

13 (i) pursuant to this section or pursu-
14 ant to any regulation issued by the Sec-
15 retary of the Treasury to carry out this
16 section, and

17 (ii) on or before the last day of the
18 first plan year beginning on or after Janu-
19 ary 1, 2009.

20 (B) CONDITIONS.—This subsection shall
21 not apply to any amendment unless—

22 (i) during the period beginning on the
23 first day of the suspension period and end-
24 ing on the date described in subparagraph
25 (A)(ii) (or, if earlier, the date the plan or

1 contract amendment is adopted) the plan
2 or contract is operated as if such plan or
3 contract amendment were in effect, and

4 (ii) such plan or contract amendment
5 applies retroactively for such period.

6 (g) EFFECTIVE DATE.—This section shall take effect
7 on the date of the enactment of this Act.

○